

VZCZCXRO9783
PP RUEHAG RUEHDF RUEHIK RUEHLZ RUEHROV
DE RUEHLO #0498 0461656
ZNR UUUUU ZZH
P 151656Z FEB 08
FM AMEMBASSY LONDON
TO RUEHC/SECSTATE WASHDC PRIORITY 7473
RUEHBJ/AMEMBASSY BEIJING PRIORITY 1000
RUEHNE/AMEMBASSY NEW DELHI PRIORITY 0732
INFO RUCNMEM/EU MEMBER STATES COLLECTIVE PRIORITY
RUCPDO/DEPT OF COMMERCE WASHDC PRIORITY
RUEATRS/DEPT OF TREASURY WASHDC PRIORITY
RUEHBL/AMCONSUL BELFAST 0971
RUEHED/AMCONSUL EDINBURGH 0871

UNCLAS LONDON 000498

SIPDIS

SENSITIVE, SIPDIS

E.O. 12958: N/A

TAGS: [ECON](#) [EFIN](#) [ETRD](#) [EINV](#) [UK](#)

SUBJECT: UK PM BROWN REACHES OUT TO CHINA AND INDIA

REF: A) LONDON 347 B) LONDON 289

1. (SBU) SUMMARY: CBI's head of international affairs Gary Campkin (PROTECT) described PM Brown's recent trip to China and India as "warm, but frantic." The UK-Chinese relationship is going through an especially friendly period in his opinion. In China, the PM discussed climate change, trade, sovereign wealth funds, the Olympics, the Shanghai Expo, intellectual property rights (IPR), and market economy status (MES) for China. Campkin characterized Brown's visit to India also as "warm," but he believes no market reforms are likely to take place until after India's next election. In India, the PM discussed trade, infrastructure, private-public partnerships (PPP's), and climate change. END SUMMARY

CHINA

2. (SBU) Gary Campkin, head of international affairs at the Confederation of British Industry (CBI), gave us a read out February 1 of PM Brown's recent trip to China and India, which he accompanied as part of the CBI delegation. (See reftel A for comments on the WTO Doha negotiations).
Campkin said his main impression of Brown's visit to China is that UK - Chinese relations are going through an especially congenial period. He believes the Chinese view Brown as someone they can do business with and are also pleased that the UK is not pressuring them to revalue their currency. That Beijing is hosting the Olympics in 2008 and London in 2012 cements the relationship. If the Dalai Lama visits the UK, however, it could upset this new relationship, as it has in Germany, he suggested.

3. (SBU) Brown raised the topic of climate change with the head of the Chinese National Development and Reform Commission. Campkin was pleased that Brown used CBI's climate change task force report as a blueprint for the meeting. He said the Chinese were interested in obtaining British green technology, which the Chinese would then put to use, but were not interested in discussing much else related to climate change. Trade and the Doha WTO round were in the PM's talking points, but the Chinese only made general comments on the topic and treated it as a backseat issue. CBI also raised the issues of IPR and market access, but found little traction with their interlocutors.

4. (SBU) According to Campkin, Brown told the Chinese that the UK is open to sovereign wealth fund (SWF) investment, but that transparency is crucial. Brown also raised his concern that SWF's may have access to funds below the market rate. The PRC lobbied CBI hard for participation in the 2010 Shanghai Expo; which CBI declined to do as it does not see it as a business event. Campkin said the Chinese frequently raised the issue of the PRC obtaining market economy status (MES). He said that some in HMG are more comfortable with granting the Chinese MES status than CBI for broad political reasons. CBI, along with some in government, argue that the decision

should be based on economic criteria and that Chinese still have not met all the necessary conditions.

INDIA

¶5. (SBU) Campkin characterized Brown's trip to India also as warm, but said there are still concerns. Brown's comments on UN reform were favorably received in India. Campkin said no further economic reforms are likely to happen before the 2009 elections in India. All policy decisions in India are viewed through the prism of alleviating poverty, which can make market reform difficult. Campkin believes that India will not actively block the Doha round as long as they get what they need on special products, but will also not push for an agreement. (Ref a)

¶6. (SBU) Campkin said that the Indian approach to climate change is similar to the Chinese. They wish to obtain advanced clean technologies, but are not flexible in other areas. On a positive note, CBI concluded an agreement with their Indian counterpart to work to upgrade their abilities to analyze climate change. The Indian business association was interested in CBI's report on climate change. He also noted that India is becoming more receptive to using private public partnerships (PPP's) in the provision of services.

LEBARON